



ENERGY ASSURANCE DAILY

Thursday, September 21, 2006

Electricity

FERC Approves California Power Grid Rules to Prevent Electricity Crises

The U.S. Federal Energy Regulatory Commission has approved a revision of California's power grid rules that are intended to prevent the market manipulation and shortages that caused the 2000-01 power crisis. The revisions address three key factors that contributed to the Western power crisis: lack of adequate power supplies, flawed rules, and widespread market manipulation by power companies. The new rules create a day-ahead power market and change the pricing system to account for grid bottlenecks. Fifteen Members of Congress from California have opposed the revised rules, saying that the new rules could cause "instability in Western electricity markets."

Reuters, 11:17 September 21, 2006

Bloomberg News, 12:43 September 21, 2006

Exelon's 912 MW Quad Cities Nuke Unit 1 in Illinois Reduced Sept. 20

The company reduced output from the unit due to a valve problem on the non-nuclear side of the plant. This morning the unit was operating at 79 percent of capacity.

Reuters, 11:28 September 21, 2006

Ameren's 560 MW Coffeen Coal-fired Unit 2 in Illinois Shut Sept. 20

The company said that the unit will likely return by early next week. According to traders, Ameren probably shut the unit due to a tube leak.

Reuters, 13:07 September 21, 2006

PPM Energy Breaks Ground on 150 MW MinnDakota Wind Power Project

The company announced the start of construction on the project, which will be located in Brookings County, South Dakota and Lincoln County, Minnesota.

Reuters, 10:30 September 21, 2006

<http://biz.yahoo.com/bw/060921/20060921005011.html?v=1>

Petroleum

Update: BP Secures One Regulatory Approval from Alaska State Agency to Restart Eastern Prudhoe Bay

On September 20, BP Exploration Alaska secured a regulatory approval from the Alaska Oil and Gas Conservation Commission to restart the eastern side of the Prudhoe Bay field. BP still needs the approval of federal pipeline regulators to move forward with the plan.

<http://www.platts.com/Oil/News/7731543.xml?p=Oil/News&sub=Oil>

Update: Oil Spill Threatening Egypt's Suez Canal

A Liberian-flagged tanker carrying about 630,000 barrels of oil collided with a bank of the canal yesterday, spilling 5,000 barrels into the waterway. Today clean up crews worked to stop the spill from spreading. Traffic through the canal, which had been rerouted yesterday due to the grounded tanker, returned to normal. Tankers transport about 3.8 million barrels per day through the Suez canal.

Reuters, 08:04 September 21, 2006

Update: Eni Resumes Normal Output From Nigeria's Brass River Oilfield

The company resumed normal production of 200,000 b/d from the oilfield, which was cut last month due to a sabotage attack that damaged its pipelines. A total of 700,000 barrels were lost during the two-week disruption that shut in 50,000 b/d of production. Last week Eni lifted its Aug. 24 force majeure on Brass River loadings.

Reuters, 06:08 September 21, 2006

Natural Gas

FERC Gives Preliminary Approval to Rockies Express Pipeline's Western Segment

The U.S. Federal Energy Regulatory Commission (FERC) has given preliminary approval to the western segment of the Rockies Express pipeline that will eventually move natural gas produced in Colorado to the Midwestern and Eastern U.S. markets. The western segment of the line will terminate in Missouri and transport up to 1.5 billion cubic feet per day. The project is expected to be in service by Jan. 2008. Final approval will not be awarded until FERC reviews the environmental impact of the line.

Reuters, 11:20 September 21, 2006

Bloomberg News, 11:32 September 21, 2006

Kinder Morgan Filed FERC Application to Build LNG Pipeline in Louisiana

Kinder Morgan Louisiana Pipeline, LLC has filed an application at FERC to build a pipeline that would provide service from Cheniere LNG's 2.6 Bcf Sabine Pass import terminal. The 135-mile, 42-inch diameter pipeline will connect to the LNG import terminal in Cameron Parish, Louisiana, which is currently under construction.

<http://intelligencepress.com/subscribers/daily/news/d20060921h.html>

Energy Transfer Announced Two Projects: Gas Processing Plant, Pipeline Expansion

On September 20, Energy Transfer Partners, LP announced two projects to meet the growing gas production from the Barnett Shale. The company is planning the construction of a natural gas processing facility in Johnson County, Texas and a 36-inch pipeline expansion to connect the Barnett Shale to the 30-inch Texoma pipeline.

<http://intelligencepress.com/subscribers/daily/news/d20060921f.html>

<http://biz.yahoo.com/bw/060920/20060920005901.html?.v=1>

Total, Eni, ConocoPhillips Agree to Build an LNG Plant in Nigeria

The three oil companies signed an agreement with a Nigerian oil firm for a natural gas plant in the south of Nigeria. The LNG plant at Brass in the Niger delta will target North American and European markets along the Atlantic Ocean basin. Construction of the Brass LNG plant is expected to start in 2007.

http://biz.yahoo.com/ap/060920/nigeria_gas_plant.html?.v=2

Other News

Ohio River's Low Water Level May Delay Barge Traffic

The wicket dam at Lock 52 on the Ohio River was expected to be raised Tuesday afternoon, and by Tuesday evening, 12 locks on the river had tows waiting to get through. Delays ranged from less than an hour to more than four hours. On the Ohio River, lock and dam 52 is one of the most important links in river traffic because it is near the confluence of the Mississippi River, said Carol Labashosky, spokeswoman for the Army Corps of Engineers Louisville District. About 97 million short tons a year of cargo were transported through lock 52 last year, and about 60% of the traffic was coal.

<http://www.platts.com/Coal/News/7731990.xml?p=Coal/News&sub=Coal>

Indian Point Nuke Plant's Mock Assault to Test Defense Capability

The Indian Point Power Plant will run a mock assault this week to test its defense strategy. The exercise will be carried out in secrecy, overseen by Nuclear Regulatory Commission.

<http://www.thejournalnews.com/apps/pbcs.dll/article?AID=/20060919/NEWS02/609190334/1025/NEWS09>

Energy Prices

U.S. Oil and Gas Prices September 21, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	61.30	63.05	67.16
NATURAL GAS Henry Hub \$/Million Btu	4.65	5.09	12.85

Source: Reuters

Energy Notes

Study Concludes Wind Will Provide 5 Percent of Global Power Supplies by 2030

<http://www.platts.com/Electric%20Power/News/7731976.xml?p=Electric%20Power/News&sub=Electric%20Power>

NRC Begins Review of Southern's Application for New Vogtle Nuclear Reactor

<http://www.platts.com/Nuclear/News/7732068.xml?p=Nuclear/News&sub=Nuclear>

Corn Growers Say They Can Meet Growing U.S. Ethanol Needs

Reuters, 18:03 September 21, 2006

Petrobras Opens Negotiations to Export Sugar Cane-based Ethanol to U.S.

Reuters, 09:51 September 21, 2006

Venezuela Demands Back Taxes from Chevron and BP

Reuters, 19:57 September 20, 2006

Russia Says Exxon Far East Oil Export Terminal Must Undergo More Checks Before Launched

Reuters, 05:40 September 21, 2006

Zarubezhneft Finds Estimated 370-515 Million Barrels of Oil Reserves Offshore Vietnam

Reuters, 10:21 September 21, 2006

Trinidad's 160,000 b/d Refinery Resumes Partial Production After 3-Week Shutdown Due to Labor Dispute

Reuters, 10:53 September 21, 2006

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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